

MONTANA BOARD OF HOUSING

Best Western Great Northern Inn

835 Great Northern Blvd

Helena MT 59601

June 6, 2006

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Present)
Susan Moyer (Present)
Audrey Black Eagle (Absent)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brendsal, Executive Director
Anastasia Burton, Housing Promotions Manager
Mat Rude, Multifamily Program Manager
Nancy Leifer, Homeownership Program Manager
Chuck Nemec, Accounting & Finance Manager
Charles Brown, Homeownership Program Specialist
Jeannene Maas, Homeownership Program Specialist
Gerald Watne, Multifamily Program Specialist
Vicki Bauer, Accounting & Finance Assistant Manager
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt
John Wagner Kutak Rock

UNDERWRITERS: Peter Nolden, UBS Financial Services
Gordon Hoven, Piper Jaffray
Steve Spitz, Orrick Harrington & Sutcliffe

OTHERS: Ann Atkinson, Kutak Rock
Mina Choo, UBS Financial Services
Sandra Shupe, Wells Fargo
Leigh McVicker, Wells Fargo
Bob DeWit, Manhattan State Bank
Henry Burgwyn, The Burgwyn Co.
Cindy Donnell, USDA Rural Development
Rachel Baker, Wells Fargo
Karen Nebel, Montana Homeownership Network
Michael O'Neil, A.W.A.R.E.

CALL MEETING TO ORDER & APPROVAL OF MINUTES

Chairman Bob Thomas called the meeting to order at 11:30 a.m. Betsy Scanlin moved to approve the May 8 minutes as corrected. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

PUBLIC COMMENTS AND INTRODUCTIONS

The Chairman asked the Board, staff, and guests to introduce themselves.

Michael O'Neil of A.W.A.R.E. and the Montana Home Choice Coalition gave an overview of their agency and its goals to provide affordable, quality housing for people with disabilities. He thanked Montana Board of Housing (MBOH) and the Housing Division for their role and commitment for homeownership.

Karen Nebel of Montana Homeownership Network presented MBOH with a picture of the Montana 1 House and also a letter from a homeowner that appreciated the opportunity to own a home.

MULTIFAMILY PROGRAM

Mat Rude presented an application from Sage Tower for a 4% conduit bond deal for 90 units with 52 of the units under Project Based Section 8. It is a Senior Project in Billings and scored 90 points. They propose to make studio apartments into one bedroom apartments. Susan Moyer moved to give the preliminary approval for the project. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

HOMEOWNERSHIP PROGRAM

Nancy Leifer introduced Bob DeWit of the Manhattan State Bank who gave an overview of plans for an Essential Employees Program. The Program would be modeled after the Teachers Program in Ravalli County. He requested \$1.35 million in 1st mortgage loan funds and \$250,000 in shared appreciation 2nd mortgage bonds. Judy Glendenning moved to approve the Essential Employees Program and the funds requested. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Jerry Petasek of the North-Missoula Community Development Corporation gave a slide show of the Clark Fork Commons. He requested a one-year extension of the set aside. Jerry also showed slides of the Burns Street Commons Project that they propose to do in the future. Jeff Rupp moved to extend the Clark Fork Commons set aside to June 2007. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

PROMOTIONAL PROGRAM

Anastasia Burton said she is busy learning about MBOH programs and assessing promotional efforts

that were done before she came on board. She presented samples of press releases she has written regarding the Regional Housing Summit and today's Board meeting. Anastasia also presented copies of a negative RAM article that ran in the *Montana Business Journal* which Betsy Scanlin had sent, along with the guest editorial response from MBOH which she said should run in the *Journal's* June issue.

Anastasia also mentioned she will work with accounting to learn how much was spent on promotional activities last year.

Betsy Scanlin commented on using the Internet to help promote MBOH.

ACCOUNTING PROGRAM

Chuck Nemec presented a Single Family II indenture resolution to change cash flows from being performed semi-annually to being performed annually. Betsy Scanlin moved to adopt the Resolution. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

As of June 1st, \$58 million of debt service payments and bond call pre-payments were completed. Chuck presented a graph of prepayments in comparison to purchases showing changes over a ten-year period of time.

MULTIFAMILY PROGRAM continued

Mat said there will probably be more bond deals in the future; therefore, bond cap authority will be a consideration. He has seen more interest in those types of deals.

Mat presented draft of the 2007-2008 Qualified Allocation Plan (QAP) for 2007-2008 which summarizes the meeting in Butte and is ready for public comment. Betsy Scanlin moved to put the draft 2007-2008 QAP out for public comment. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat reported that the Administrative Rule change to raise the exception amount from \$10,000 to \$30,000 for the Reverse Annuity Mortgage Program (RAM) has been made public by the Secretary of State's office. J.P. Crowley moved to approve the RAM Administrative Rule change. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

HOMEOWNERSHIP PROGRAM continued

Nancy Leifer informed the Board that the staff is working to help with homeownership housing on the Rocky Boy Reservation near Havre.

There is potential for using the GAP financing setaside for the short term purchase of 6 lots of land in the Red Lodge area.

Nancy Leifer of Homeownership Program gave an update on the 2006 B bond issue that has \$33.25 million committed. The insurance has averaged 50% FHA in April and in May it went up to 56%

FHA. The Conventional insurance was 24% in April and 20% in May. Nancy anticipates a new bond issue this fall if loans keep coming in at the rate they are now. The current Board rate is 5.75% and the conventional state rate is around 6.5%, so staff suggested raising the rate to 6% as of June 7, 2006. The Board agreed to the staff recommendation.

Nancy gave the Board a color-coded Guide to Set-aside types to help clarify the financial funding sources for the various programs. The setaside program was using up the Pre-Ullman funds, therefore, MBOH is using 25% of the latest bond issue for setaside loans that qualify to conserve Pre-Ullman funds. Nancy presented a summary of which funding source will be used for each setaside program to maximize pre-Ullman funds.

The HOME Program has changed their policy of allocating funds for down-payment assistance. They have allocated the funds into 11 approved geographic pools around the state rather than go through a grant application process. Therefore, non-profits won't be approaching MBOH for matching funds for grant applications, so MBOH proposes to have a down-payment assistance first mortgage pool to provide the equivalent of the matching funds. Staff requested \$6,812,488 for the pool. Judy Glendenning moved to approve the down-payment assistance for first mortgages pool at the amount requested with the criteria presented. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

EXECUTIVE DIRECTOR

Bruce Brensdal said the Dawson County Economic Development Council in Glendive is having a Housing Opportunities Conference on July 13, 2006. The Hamilton retreat and Board meeting is scheduled for August 16-18.

The next meeting is scheduled for July 12th in Miles City/Glendive. Meetings are tentatively planned for August 18th in Lolo, September 22 in Great Falls, October 20th Deer Lodge, and November 17 in Helena.

The meeting adjourned at 2:30 p.m.

J. P. Crowley, Secretary

Date